



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture

March 30 , 1998

**UP Gets No Relief From Recent Wintery Storms.** Union Pacific (UP), the nation's biggest railroad, is being faced with massive rail congestion, costing shippers millions of dollars and prompting the railroad to halt Mexican-bound traffic. UP has called this congestion, at Laredo, Texas, a "major transportation emergency." On Saturday, March 28, 1998, UP banned shipments of grain, chemicals, industrial products, and coal bound for the Laredo, Texas "gateway to Mexico." UP will continue to accept finished automobiles, auto parts, and freight in truck-size containers bound for Laredo. It has been reported that as many as 5,500 railroad cars were backed up into Kansas, about 1,000 miles to the north. UP said that it had no choice but to stop most new southbound shipments through the Laredo gateway until it can roll thousands of those cars into Mexico. Although this backup began as a wintery storm precaution, it is not unusual. UP's system has been bogged down by extensive rail tie-ups and limited deliveries since its 1996 merger with Southern Pacific. This time, however, UP blames Transportation Ferroviaria Mexicana, Mexico's main rail line (partly owned by Kansas City Southern Railway), for its problems. The Mexican carrier said, "This announcement is an attempt to divert attention away from UP's ongoing rail crisis in the United States," calling it "a unilateral move by UP to give it time to relieve its own congestion." UP's customers are now pointing to a lack of space capacity or management ability to handle challenges from weather, accidents, or border delays. (*Bridge News, New York Times, Reuters*)

**STB Holds Hearing On Rail Rates.** The Surface Transportation Board (STB) will conduct a 2-day hearing on April 2 and 3, focusing on issues of rates and competition for the rail industry. Up to 60 witnesses, from shippers' groups to individual customers to carriers, will be given the opportunity to voice their opposition to, or defense of, the current rules that govern the industry. In addition, the hearing will be attended by Federal Agriculture and Transportation officials, representatives of the Texas Railroad Commission, and various port officials. It will be the first in-depth debate since 1988, when a group called Consumers United for Rail Equity confronted changes in rail rate rules through a Senate hearing. Their efforts, however, were to no avail, and the debate over rail regulation did not come up again until 1996. Fueling shipper protests, at that time, were events such as the STB-allowed merger between Union Pacific and Southern Pacific; the decision by the STB to set rules for challenging rates when shippers had no choice of carriers; and action taken by the STB to throw out the "McCarty Farms" case, a proceeding on grain rates that began in the early 1980's. The current rail rate-making policy is the result of the Staggers Act of 1980. The Staggers Act essentially allowed railroads the freedom to set rates, without changing the rules that govern how many carriers could serve a shipper. Many bulk commodity shippers complained that their rail rates were being increased while, at the same time, their choice of carriers remained limited. For most bulk shippers, trucking has never being a practical option. (*Journal of Commerce*)

**CSX, NS Claim Acquisition Benefits.** As the STB considers whether to allow what will be the most costly rail acquisition in U.S. history, the CSX and Norfolk Southern are taking the opportunity to extol the economic and financial virtues of the sale. The two lines, both with a stake in the \$10.2 billion plan to breakup Conrail, say that the acquisition will reduce state highway maintenance costs by \$85.3 million in 24 states east of the Mississippi River. STB approval, the lines claim, will reduce truck shipments by 1.1 million within 3 years and reduce the annual consumption of diesel fuel by 120 gallons, thereby also reducing air pollution. Among the 24 states to benefit, CSX and NS claim that Pennsylvania will enjoy the highest annual savings, \$18.5 million, with second place going to Ohio, with a projected savings of \$11.7 million. (*Journal of Commerce*)

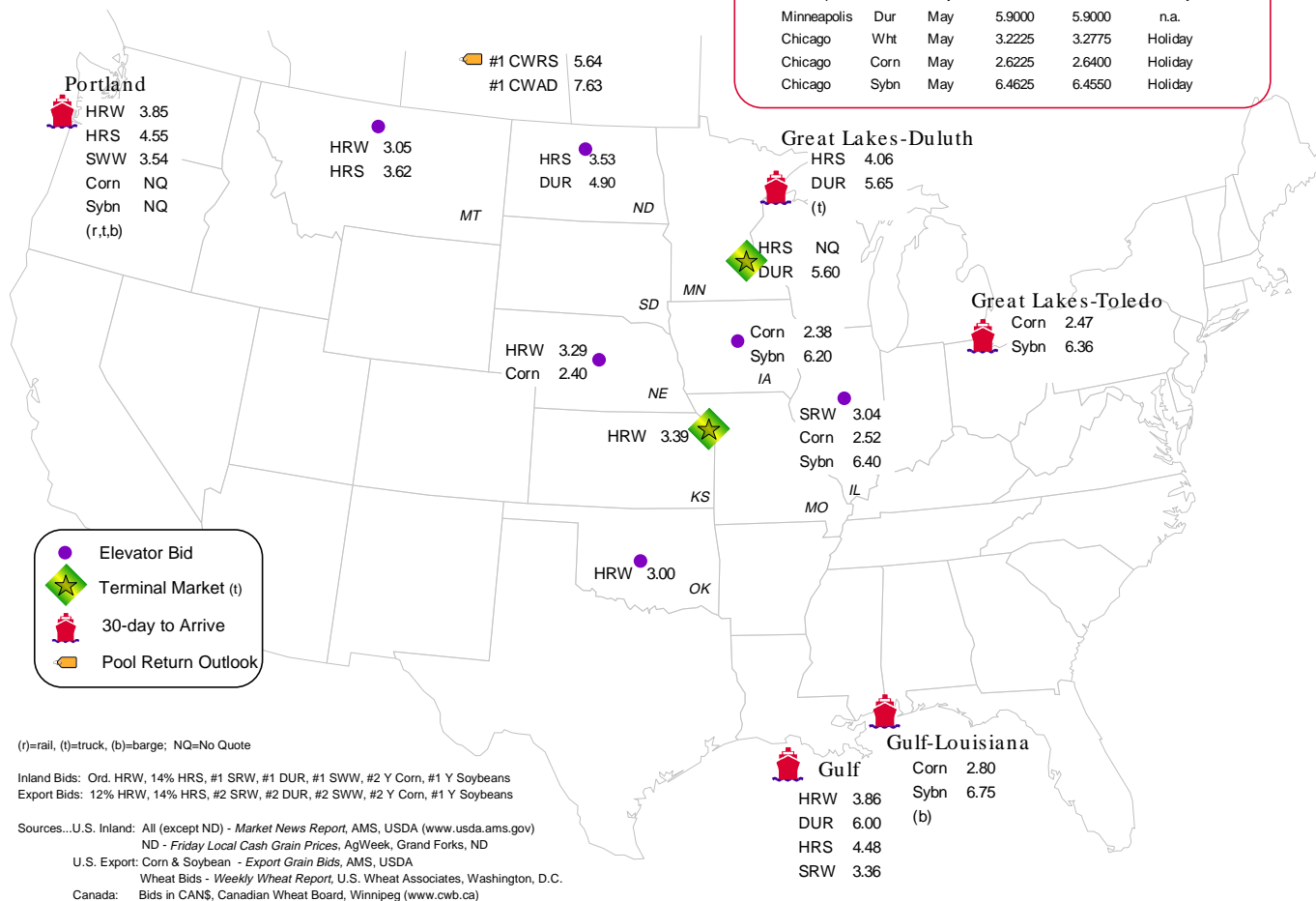
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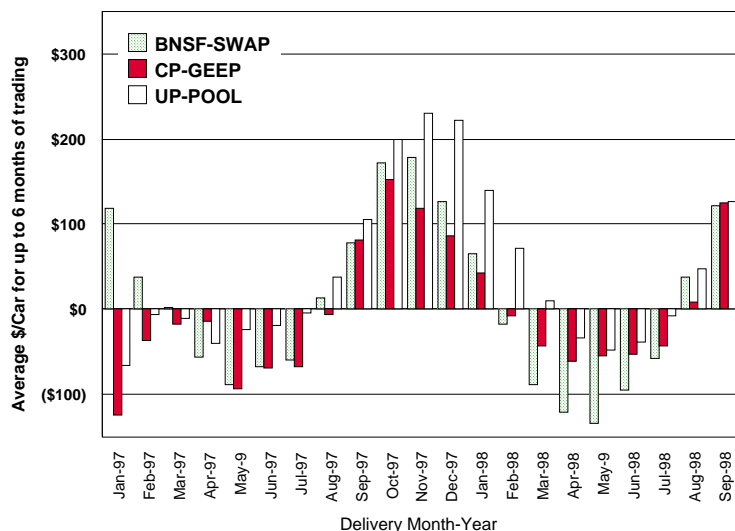
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## Grain Bid Summary

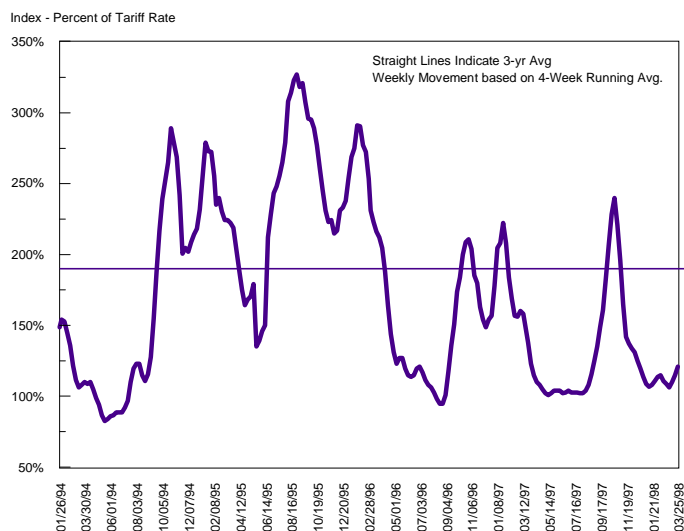


## Secondary Rail Market Bids



See the Grain Trax page at [www.ugpti.org](http://www.ugpti.org) for more graphs of rail premiums.

## Spot Barge Rate - Illinois River



<b>Rail Car 'Auction' Offerings</b>				
Delivery for:	May-98		June-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	18,928	2%	no offer	
<b>UP-GCAS</b>	5,400	0%	no offer	
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	<b>Delivery Period</b>			
	Apr-98	May-98	Jun-98	Jul-98
BNSF-COT	\$(132)	\$(123)	\$(60)	\$(21)
CP-GEEP	\$(22)	\$(33)	\$(50)	\$(34)
UP-Pool		\$33	\$61	\$96

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	May-98	Jul-98	Aug-98
COT/N. Wheat	no bid	no offer	no offer
COT/S. Corn	no bid	no offer	no offer
GCAS/Region 2	no bid	no offer	
GCAS/Region 4	\$23	no offer	

Source: T&M/AMS USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com), (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Contract Rates\***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

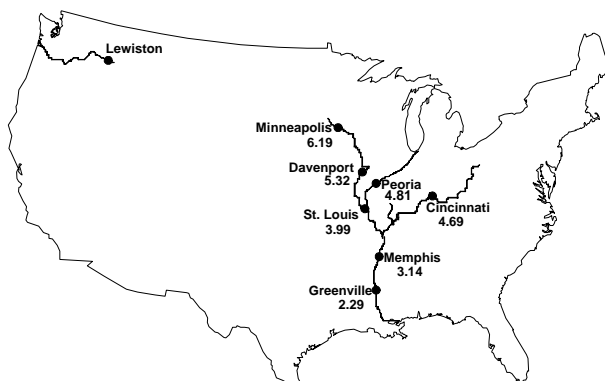
Week ended	River/Region	Contract Period	Rate
3/27/98	no trades reported		

**Southbound Barge Freight Rates**

	3/25/98	3/18/98	April '98	June '98
Twin Cities	162	167	148	145
Mid-Mississippi	138	137	122	120
Illinois River	127	125	113	114
St. Louis-Cairo	98	105	97	96
Lower Ohio	110	120	103	105
Cairo-Memphis	98	103	94	93

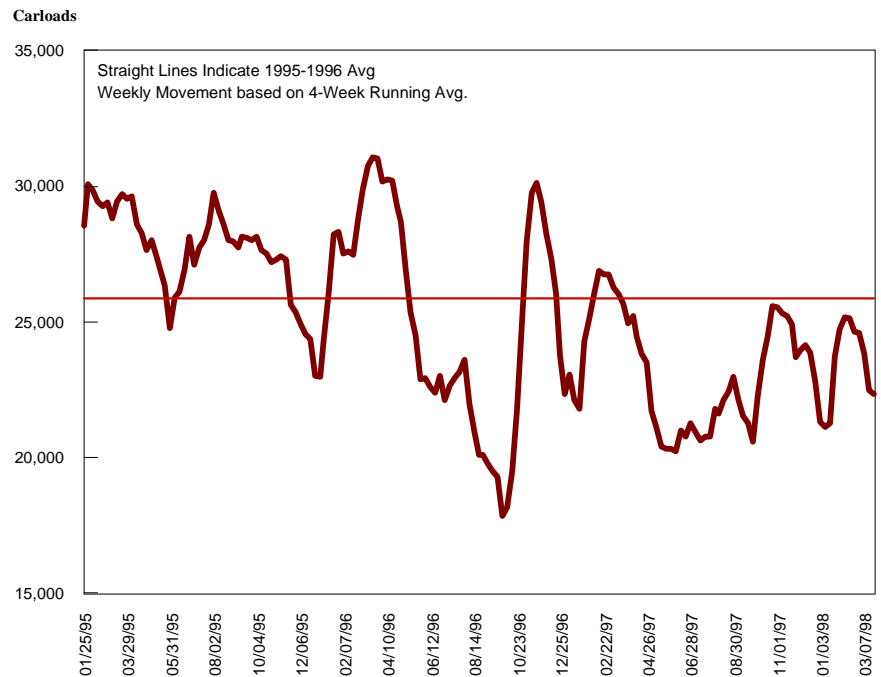
Source: Transportation & Marketing /AMS/USDA  
nq- no quote

\* Merchants Exchange of St. Louis Daily Barge Call Session

**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
2/21/98	23,285
2/28/98	24,115
3/7/98	23,362
Year to Date - 1998	220,801
Year to Date - 1997	230,331
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



## Class I Rail Carrier Grain Car Bulletin

Carloads

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
03/21/98	710	2,436	1,499	2,583	8,414	776	6,277	3,238	5,040
This Week Last Year	519	2,595	1,655	2,116	9,060	725	9,321	3,420	5,007
1998 YTD	8,764	27,631	14,288	28,891	100,851	8,141	74,126	31,280	47,599
1997 YTD	5,893	27,717	20,746	29,620	93,985	7,241	95,323	30,640	48,002
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

## Tariff Rail Rates for Unit Train Shipments

March 1998

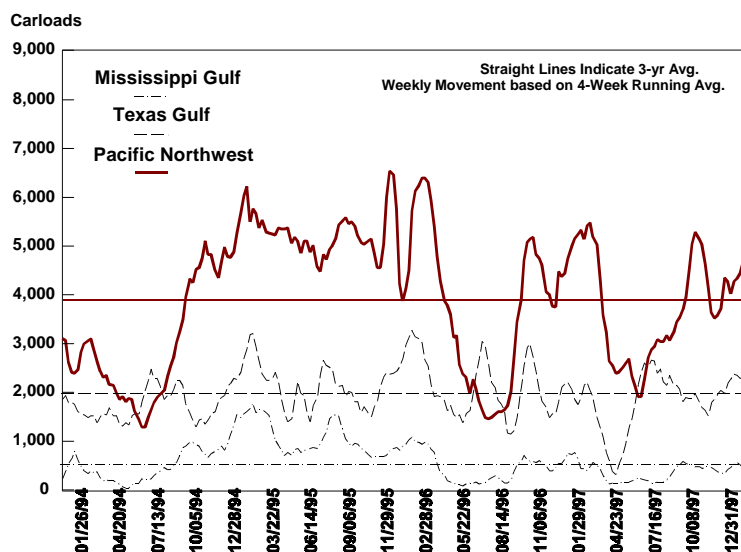
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
01/17/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
11/06/97	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
11/17/97	46531	Wheat	Kansas City, MO	Houston, TX	\$1,450	\$13.16	\$0.44
01/13/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
01/13/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
09/16/97	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
01/15/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,450	\$11.57	\$0.41
10/01/97	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
09/16/97	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
11/16/97	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
11/16/97	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

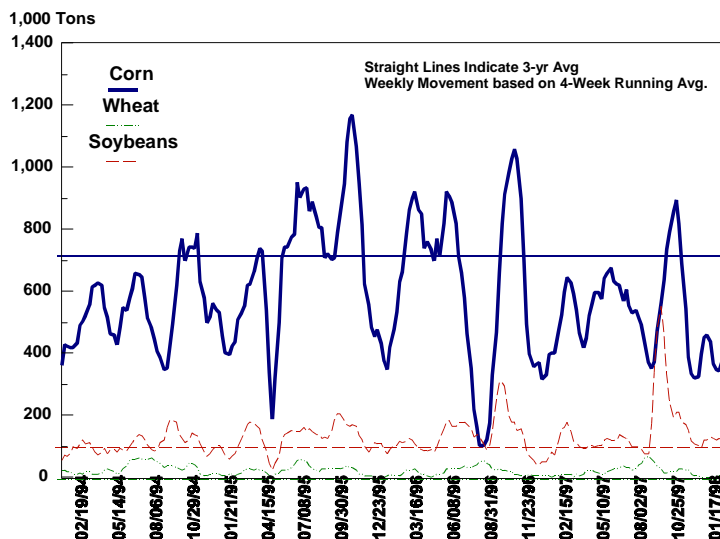
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
03/04/98	456	2,316	4,672	176
03/11/98	407	2,334	4,451	125
03/18/98	540	2,126	4,732	464
YTD 1998	5,035	24,212	48,640	4,032
YTD 1997	6,416	21,360	53,518	2,247
Total 1997	20,152	93,265	194,905	9,147
Total 1996	25,899	113,804	199,709	11,304
Source: Transportation and Marketing/AMS/USDA				

### Rail Deliveries to Port



### Barge Movements - Locks 27



### Barge Grain Movements

for week ending 03/21/98

	Corn	Wht	Sybn	Total
1,000 Tons				
<b>Mississippi River</b>				
Rock Island, IL (L15)	199	0	47	247
Winfield, MO (L25)	266	0	73	340
Alton, IL (L26)	518	0	112	630
Granite City, IL (L27)	501	0	116	618
<b>Illinois River (L8)</b>	232	0	45	277
<b>Ohio (L52)</b>	26	4	15	106
<b>Arkansas (L1)</b>	3	4	12	19
1998 YTD	5,023	231	1,972	8,310
1997 YTD	5,708	275	1,728	8,961
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

**U.S. Export Balances\*** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
03/19/98	1,504	211	1,023	532	197	3,467	6,894	2,037	12,398
This Week Year Ago	908	139	1,065	830	250	3,191	8,766	3,504	15,461
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	7,907	4,474	5,008	4,668	1,061	23,119	20,540	20,034	63,693
96/97 YTD	6,507	3,508	6,446	4,967	743	22,169	27,417	18,653	68,239
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236
94/95 Total	10,157	5,453	7,686	5,837	893	30,026	54,742	23,410	108,178

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn &amp; Soybeans=9/01-8/31

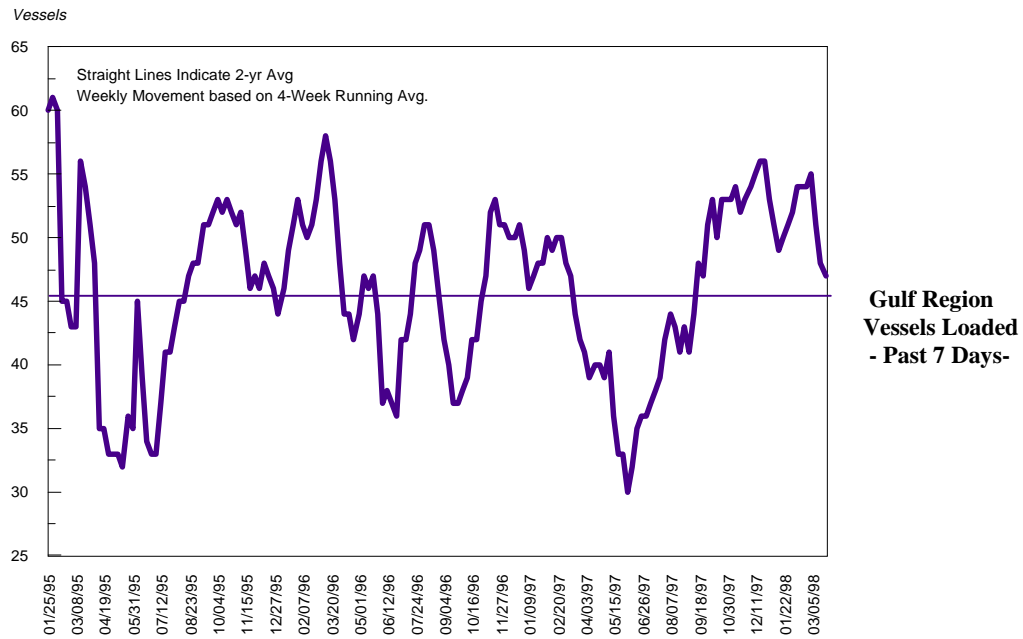
**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
03/26/98	232	178	0	122	621	283	229	5	0
1998 YTD **	2,452	2,025	314	1,625	6,650	5,856	1,589	29	457
1997 YTD **	3,039	3,513	559	838	8,044	6,324	667	791	373
% of Last Year	81%	58%	56%	194%	83%	93%	238%	4%	123%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date									

**Select Canadian Ports - Export Inspections**

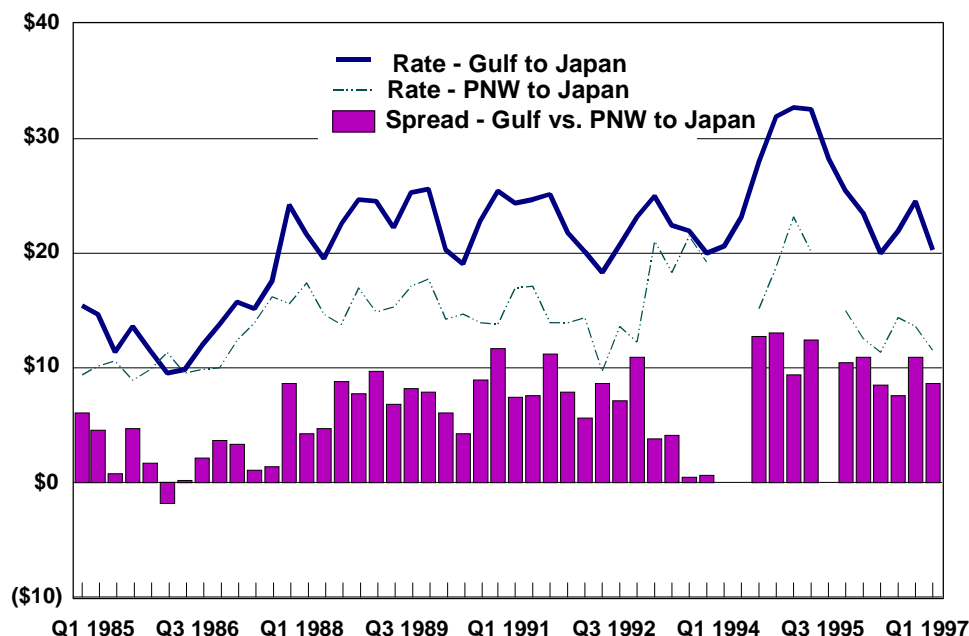
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 03/06/98			
Vancouver	4,440	837	796
Prince Rupert	2,861	0	320
Prairie Direct	770	235	262
Thunder Bay	300	267	208
St. Lawrence	2,936	1,369	7
1997 YTD Exports	11,307	2,708	1,593
1996 YTD Exports	8,426	2,481	2,296
% of Last Year	134%	109%	69%
Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31			



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
03/19/98	46	45	71				8	12	1
03/26/98	56	46	60				7	10	5
1996 Range	(17..46)	(38..61)	(27..88)						
1995 Range	(11..67)	(22..64)	(31..90)						
1996 Avg	37	46	62						
1995 Avg	31	45	60						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

**Quarterly Ocean Freight Rates**

Weighted Average Rates &amp; Vessel Size, U.S. Dollars/Metric Ton - Basis

	1997 4 <sup>th</sup> Qtr	1996 4 <sup>th</sup> Qtr	% Change		1997 4 <sup>th</sup> Qtr	1996 4 <sup>th</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$22.01	\$22.64	-3%	Japan	\$13.34	\$14.66	-9%
Mexico	\$13.97	\$14.96	-7%	Red Sea/ Arabian Sea	\$20.18	\$22.74	-11%
Venezuela	\$13.59	\$12.62	8%				
N. Europe	\$11.34	\$13.28	-15%	<b>Argentina to</b>			
N. Africa	\$14.80	\$15.87	-7%	N. Europe	\$16.12	\$18.15	-11%
				Japan	\$23.23	\$30.37	14%

Source: Transportation &amp; Marketing/AMS/USDA

**Ocean Freight Rates**

Export Region	Import Region	Grain	Month	Vessel Size (Tons)	Freight Rate (\$/Ton)
Gulf	Japan	Heavy Grains	April	38,000-40,000	\$18.00
Gulf	So. Korea	Heavy Grains	March/April	20,000-52,000	\$16.25-\$20.50
Gulf	Amsterdam	Heavy Grains	March/April	55,000	\$6.75
Gulf	Egypt	Wheat/Hvy Grains	March/April	57,500	\$14.00
Gulf	Lisbon/Rotterdam	Grains	Prompt	50,000	\$7.50
No. France	Jordan	Heavy Grains	March	52,000	\$13.25
Romania	So. Korea	Wheat	March/April	53,000	\$14.00
River Plate	Algeria	Wheat/Hvy Grains	March/April	25,000	\$23.75-\$25.00
So. Brazil	Hamburg	Grains	Prompt	50,000	\$9.50

Source: Maritime Research Inc.